

Texas Automobile Insurance Plan Association Governing Committee Meeting
Friday, March 24, 2017 - 9:00 A.M.
Austin Marriott South, 4415 S. IH-35 Frontage Rd., Austin, TX 78744
Dress: Business Casual

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Election of Officers
5. Review and Approval of the Minutes of the November 18, 2016 Meeting (Exhibit 1)
6. Manager's Report
 - A. Application Count Update
 - a. As of Yearend 2016 (Exhibit 2)
 - b. As of February 2017 (Exhibit 3)
 - B. Financial Update
 - a. As of Yearend 2016 (Exhibit 4)
 - b. As of January 2017 (Exhibit 5)
 - C. Application System Update
 - D. Actuarial RFP—Recommendation and Selection of Actuary (Exhibit 6)
 - E. Office Space Lease
 - F. Conflict of Interest Policy
7. Audit/Finance Committee Report
 - A. Audit Engagement Letter (Exhibit 7)
8. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 8)
 - B. PP AIP Estimates Used in Quarterly Quota Estimates
9. Report of Counsel
 - A. Pending Plan of Operation Filing: Refunds for Cancellations
 - B. Legislative Update
10. Next Meeting—August 18, 2017, Via Teleconference
11. Manager Transition Subcommittee Report
12. Personnel Matters
13. Adjournment

The Governing Committee may take action on any matter of business identified in this notice. Portions of the meeting will be conducted as a closed meeting, if permitted under Chapter 551, Government Code.

TAIPA Governing Committee Meeting
November 18, 2016

**TAIPA GOVERNING COMMITTEE MEETING MINUTES
NOVEMBER 18, 2016 AT 9:00 AM
AUSTIN MARRIOTT SOUTH**

ATTENDEES:

VOTING MEMBERS:

Mary Carol Awalt, Public Member (Via teleconference)
Bill Brooks, Texas Farm Bureau Casualty (Chair)
George Cooper, State Farm
Kevin Curry, Travelers (Via teleconference)
Pete Hamel, Producer Member
Laura Hausman, Public Member (Via teleconference)
Carmelita Hogan, Public Member
Stephen Hylka, Liberty Mutual/Safeco (Via teleconference)
Becky Jackson, Public Member
Dick Lonquist, Public Member
Corise Morrison, USAA (Via teleconference)
Adam Payton, Producer Member
Thomas Rolling, Farmers
Jim Rowland, Allstate
David Weber, Hochheim Prairie

COUNSEL:

Mike Jones, Thompson, Coe, Cousins & Irons

TAIPA STAFF:

Stacy Dutton (Acting Manager)
Nicole Morgan (Minute Taker)

OTHERS:

Doug Beck, Farmers (Via teleconference)
Alisha Darden, Public Member Alternate
Kimberly Donovan, TDI
Terry Fain, Public Member Alternate (Via teleconference)
John Lusardi, Assigned Risk Solutions, Ltd. (Via teleconference)
Joe Matetich, OPIC
Ramon Montalvo, Producer Member Alternate
David Nardecchia, OPIC

ITEM 1: CALL TO ORDER

Bill Brooks called the meeting to order at 9:01 AM.

ITEM 2: INTRODUCTIONS

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Introductions were made.

ITEM 3: RECOGNIZE KEVIN CURRY'S SERVICE TO TAIPA

Kevin Curry has left the Governing Committee. He was recognized for his service as a Governing Committee member from 2012-2016.

ITEM 4: READING OF THE ANTI-TRUST STATEMENT

Stacy Dutton read the Anti-Trust Statement:

“The creation and operation of the Texas Automobile Insurance Plan Association is set forth in Chapter 2151 of the Texas Insurance Code. The Association is a non-profit corporate body composed of all authorized insurers. The organization was created to provide a means by which insurance may be assigned to an authorized insurer for a person required by the Texas Motor Vehicle Safety-Responsibility Act to show proof of financial responsibility for the future. Members of the Association and of its Governing Committee, when involved in meetings or other activities of the Association, are bound to limit their discussions and actions to matters relating to the business of the Association, and shall not discuss or pursue the business interest of individual insurers or others.”

ITEM 5: REVIEW AND APPROVAL OF THE MINUTES OF THE AUGUST 19, 2016 MEETING (EXHIBIT 1)

It was moved by David Weber and seconded by Thomas Rolling to:

“Adopt the minutes.”

The motion carried unanimously.

ITEM 6: MANAGER'S REPORT

Stacy Dutton presented the Manager's Report.

A. APPLICATION COUNT UPDATE AS OF OCTOBER 2016 (EXHIBIT 2)

TAIPA received 282 applications in October 2016, compared to 315 in October 2015, which is a decline of about 10.5%. Year-to-date, TAIPA has received 2,818 applications in 2016, compared to 3,019 in 2015, which is a decline of about 6.5%. Based on current volumes, we estimate we will receive approximately 3,200 applications in 2016.

B. FINANCIAL UPDATE AS OF SEPTEMBER 2016 (EXHIBIT 3)

TAIPA expected to be at 75% of the budget used at the end of September and was just under-budget at about 72%. The items that are currently over-budget were explained. We expect to end the year on-budget.

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It was asked if TAIPA has projected expenses for additional subcommittee meetings between now and yearend. TAIPA has allocated additional expenses for Manager Transition Subcommittee meetings.

C. 2016 ACTUARIAL RFP

At the August Governing Committee Meeting, the board agreed to wait to send out the Actuarial RFP until we received approval on the current rate filing. Our filing has been approved, so we are now ready to send out the RFP.

Before sending out the RFP, the subcommittee would like guidance regarding who will have the authority to make the vendor selection. The Governing Committee agreed by consensus to have the Actuarial RFP Subcommittee review the bids and present their recommendation to the board at the March 2017 Governing Committee Meeting.

D. 2017 REQUESTS FOR PROPOSAL (ATTORNEYS, AUDITORS)

TAIPA's RFP procedure states that contracts in place for five years are to be evaluated by the Governing Committee if they are over \$20,000, or for certain categories of expenses. TAIPA's legal counsel and auditors are up for review in 2017. The Governing Committee discussed those contracts last year and reached a consensus to continue with each for another year.

TAIPA recommends continuing with our current legal counsel for another year because of next year's legislative session, and because we are in the middle of the manager transition. TAIPA also recommends continuing with our current auditor, as we have a very good relationship with our firm, and as new auditors are assigned to TAIPA each year. The Governing Committee's consensus was to forgo the legal and auditor RFP's for 2017.

E. APPROVED PLAN OF OPERATION FILINGS: SB 956 AND SB 1554

At the August Governing Committee Meeting, we reported that we filed Plan of Operation amendments for Senate Bills 956 and 1554, which were passed during the 2015 legislative session. Senate Bill 956 amended the Texas Insurance Code to require insurers to deliver personal auto and residence policies within 30 days of the effective date of the policy. SB 1554 amended the Texas Insurance Code to include county mutuals as authorized insurers and remove the provision for exemption that was previously available to them. The amendments were approved by a Commissioner's Order dated October 13, 2016. When reviewing the order, TAIPA staff noticed that TDI mistakenly left off one of the Plan of Operation sections that was to be amended. TDI is working on a second Commissioner's Order to approve the missing section. Bulletins regarding the approval will be sent out once we receive the second order.

ITEM 7: OPERATIONS SUBCOMMITTEE REPORT

David Weber presented the Operations Subcommittee Report.

A. OVER/UNDER REPORT (EXHIBIT 4)

There was nothing noteworthy on the report.

B. TAIPA PROCEDURE CHANGES DUE TO SENATE BILL 956: DELIVERY OF INSURANCE POLICIES (EXHIBIT 5)

The Operations Subcommittee was tasked with determining if staff could make procedural changes to help companies comply with the new, tighter timeline imposed by SB 956. TAIPA staff presented their recommendations to the subcommittee on November 1, 2016. The Operations Subcommittee recommends the Governing Committee adopt the recommendations show in Exhibit 5.

It was moved by David Weber and seconded by George Cooper to:

“Adopt the recommendations presented by the Operations Subcommittee.”

The motion carried unanimously.

C. QUOTA CHANGES DUE TO SENATE BILL 784: TDI’S CALL FOR EXPERIENCE (EXHIBIT 6)

SB 784 was enacted to reduce the reporting requirements for insurance companies. Unfortunately, TAIPA relied on the reporting of the quarterly AIP premiums as part of the PP quota calculation, which have been eliminated by SB 784. The Operations Subcommittee was tasked with determining a method of estimating quarterly AIP premiums. The Operations Subcommittee recommends the Governing Committee adopt the recommendations shown in Exhibit 6.

It was asked if there is any real benefit for companies to self-report their quarterly data, or if it may be in a company’s best interest to wait for the annual true-up. If a company self-reports, each quarter would likely be more accurate and there would be less possibility of a fourth-quarter “spike” or “dip”. If a company does not self-report, TAIPA will use the BI premium reported to TICO and apply a multiplier to estimate total AIP premium. Either way, a true-up will take place fourth quarter to reflect the actual premiums reported to TDI. If a company wants to avoid the possibility of higher fourth-quarter variances, self-reporting would be in their best interest.

It was asked when the quota changes would be implemented. They will be implemented as soon as it is practical and possible to do so.

It was moved by David Weber and seconded by Dick Lonquist to:

“Implement the procedural changes relative to the company reporting recommendations.”

The motion carried unanimously.

ITEM 8: REPORT OF COUNSEL

Mike Jones presented the Report of Counsel.

A. PENDING PLAN OF OPERATION FILING: REFUNDS FOR CANCELLATIONS (EXHIBIT 7)

Exhibit 7 shows the amendment TAIPA filed with TDI in 2013 to comply with Senate Bill 698. TAIPA's Plan of Operation has separate standards for return premium due to cancellations and endorsements. Our filing only included a change for cancellations, as the bill did not specify it applied to endorsements. TDI has been working on a rule to address some issues with this bill. Our filing has been pending at TDI, because we were waiting to see how the rule would affect our amendment.

TDI has now issued their proposed rule. The rule includes a provision specifying it applies to endorsements, so we will need to amend our filing. Counsel's recommendation is to take the approach we have used on the most recent Plan of Operation amendment, and simply state that companies must return premium in accordance with statute. Once TDI issues their final rule, staff will work with counsel to amend the filing, and will present it at the March 2017 Governing Committee meeting.

TDI's proposed rule also provides that the date to be used is either the effective date of the cancellation/endorsement *or* the date the company receives notice to cancel/change the policy, whichever is later.

B. TAIPA RATES

TAIPA made a rate filing on September 7th. No hearing was held, as the changes did not exceed 105% of the current rates. TDI published notice of our filing on September 23rd, and did not receive any comments. The Commissioner approved our order on November 1st. The order provides for an overall PP rate change of +4.2%, and an overall OTPP change of +2.5%. The new rates are effective February 1, 2017. A bulletin has been sent out to all companies regarding the approved rates.

C. RAFAEL ISLAS LAWSUIT

Earlier this year, Rafael Islas sued TAIPA, along with the assigned company, the adjuster, the adjuster's company, the agent, and the agent's company. The plaintiff's claim was that TAIPA sent a binder letter stating coverage has been bound, but then the adjuster said there was no coverage. Thompson, Coe, Cousins & Irons filed an answer and had to provide some discovery. Happily, the assigned company has settled with the plaintiff, TAIPA has been non-suited, and the other defendants were dismissed with prejudice. This matter is now resolved. Technically, the plaintiff could refile his suit, but it is not likely.

D. LEGISLATIVE UPDATE

The 2017 legislative session starts on January 10, 2017 and runs through May 29, 2017. Thompson, Coe, Cousins & Irons will monitor the bills and will look for matters that may

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affect TAIPA. Generally, TAIPA does not engage in any lobbying, as anything that would affect the companies would be handled by their trade associations.

ITEM 9: MANAGER TRANSITION SUBCOMMITTEE REPORT

Thomas Rolling present the Manager Transition Subcommittee Report.

The committee met on September 2nd, 12th, and 30th, as well as November 4th. They reviewed the current Plan of Operation, key components of the statute relative to TAIPA's structure, the 2016 organizational structure, TAIPA job descriptions, and key duties of exempt and non-exempt staff. The committee's discussion centered on ensuring a smooth transition, the Plan of Operation relative to the appointment of a manager, and the current business trends. The committee pondered short-term and long-term changes and has determined a need to revisit the current structure with a short-term and long-term approach. It is the committee's intent to have a more in-depth discussion of this personnel matter during a closed session today. No significant changes to the current operation are anticipated. The committee will continue to work with TAIPA staff on the short- and long-term plan.

ITEM 10: PERSONNEL MATTERS

Acting under authority of Government Code 551.074, the Governing Committee commenced a closed meeting at 9:53 AM. The open meeting resumed at 11:45 AM.

It was moved by Thomas Rolling and seconded by George Cooper to:

“Direct the Acting Manager to engage HR consulting firm Intelligent Compensation, in consultation with the Manager Transition Subcommittee, to review the current organizational structure and provide a recommendation to the Governing Committee by February 1, 2017.”

The motion carried unanimously.

It was moved by David Weber and seconded by Thomas Rolling to:

“Authorize Bill Brooks to conduct an interim review of the staff.”

The motion carried unanimously.

ITEM 11: 2017 BUDGET (EXHIBIT 8)

TAIPA requested a 2017 budget of \$1,011,200, which is a 7.64% decrease from 2016. The major items accounting for an increase are for a 3% salary increase, for our scheduled rent increases, for higher legal expenses due to the manager transition and the legislative session, and for Intelligent Compensation's expected work. The major item accounting for a decrease is our pension. Our required contribution has decreased due to the expiration of a significant portion of our shortfall amortization. As of January 1, 2017, TAIPA's pension is expected to be funded at 99.4%, with the entire plan expected to be funded at 99.1%.

TAIPA requested a 2017 assessment of \$995,900, which is the annual budget minus depreciation. In the past, we've used excess carryover cash to reduce the assessment

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further, but we do not recommend that this year because we have only about three weeks of carryover. We do believe this amount of carryover will be sufficient, as we typically receive about 20% of the annual assessment by the third week of January. If necessary, we do have the \$300,000 line of credit with Frost, although we do not foresee using it.

It was moved by David Weber and seconded by Pete Hamel to:

“Adopt the budget in the amount of \$1,011,200 and the assessment in the amount of \$995,900.”

The motion carried unanimously.

ITEM 12: 2017 MEETING DATES (EXHIBIT 9)

The 2017 meetings are show in Exhibit 9.

The Governing Committee agreed by consensus to cancel the hotel contract for the November 2017 meeting, and to book at a different location.

ITEM 13: ADJOURNMENT


There being no further business to discuss, it was moved by David Weber and seconded by George Cooper to:

“Adjourn the meeting.”


The motion carried unanimously. The meeting adjourned at 11:55 AM.



Signature of Secretary



Date Signed

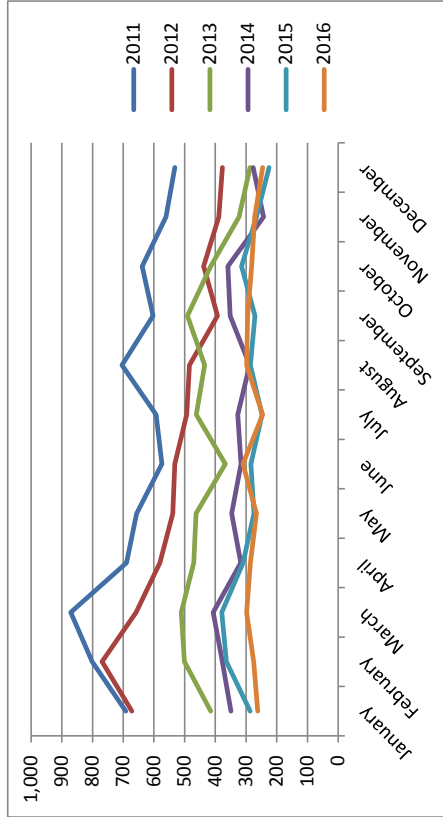


Printed Name of Secretary

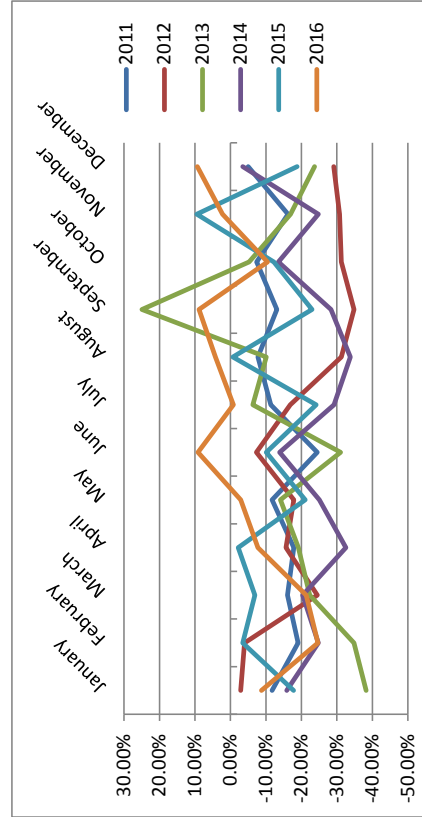
Monthly Total (Dec. 2016)		
	Private Passenger	Commercial
EASi Applications	221	25
Paper Applications	0	0
Total Applications Received	221	25
Applications Assigned	202	23
Apps Returned for Correction	19	2
Applications Deficient	16	3
Applications with SR-22s	20	0
Total Applications Received in Dec. 2015:		225
Total Applications Received in Dec. 2016:		246
Year to Date Total (as of Dec. 2016)		
	Private Passenger	Commercial
EASi Applications	2964	363
Paper Applications	2	7
Total Applications Received	2966	370
Applications Assigned	2744	345
Apps Returned for Correction	219	22
Applications Deficient	50	19
Applications with SR-22s	280	1
Total Applications Received YTD (as of Dec. 2015):		3,510
Total Applications Received YTD (as of Dec. 2016):		3,336
YTD Percent Change from Dec. 2015 to Dec. 2016:		-4.96%
Application Assignment History*		
1994: 716,036	2002: 66,153	2010: 8,725
1995: 461,059	2003: 74,506	2011: 7,364
1996: 214,744	2004: 47,434	2012: 5,898
1997: 95,461	2005: 31,517	2013: 4,708
1998: 55,041	2006: 23,634	2014: 3,628
1999: 47,108	2007: 16,780	2015: 3,217
2000: 44,945	2008: 12,896	2016: 3,089
2001: 53,477	2009: 10,299	

*Application Assignment History based on applications assigned, not received.

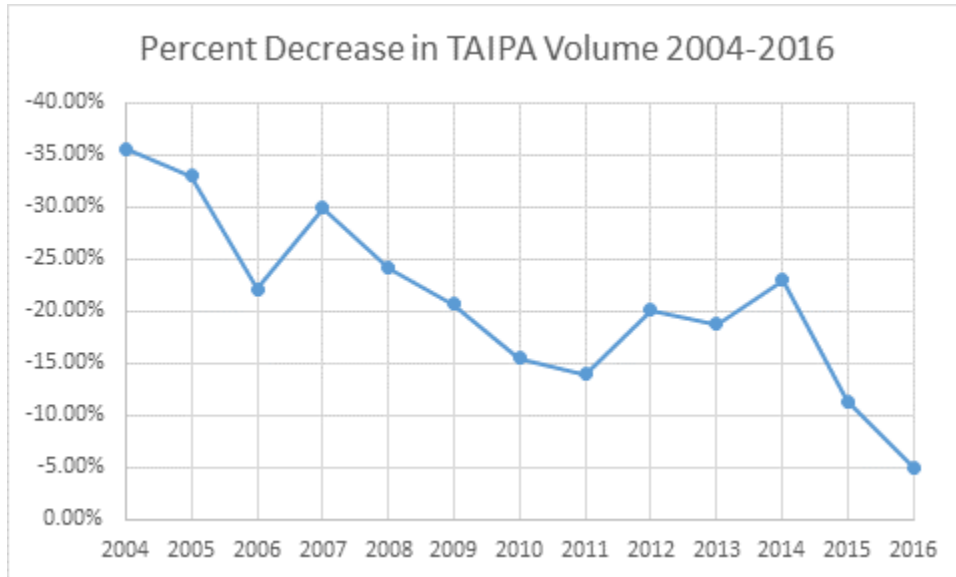
Trend of Applications Received from 2011 to 2016



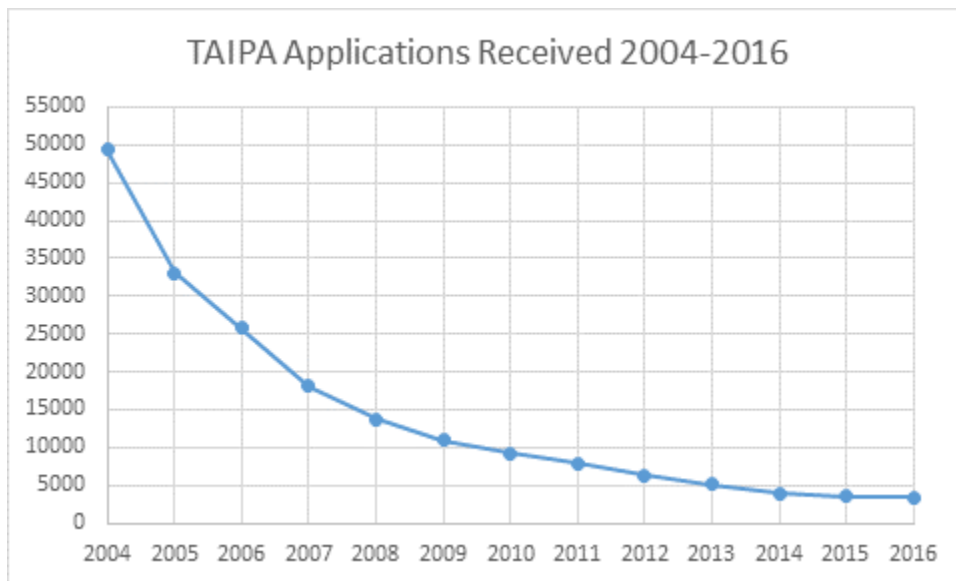
Percent Change in Applications Received



We ended 2016 with 3,336 applications received, which is just 4.96% fewer than in 2015. This is the lowest annual decrease we've seen since TAIPA volume began its downward trend back in 2004.



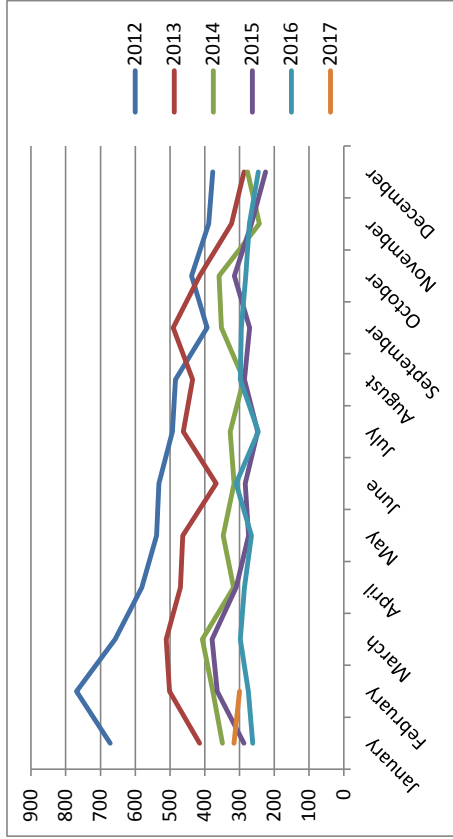
The chart below indicates that volume does indeed appear to be “bottoming out”. We expect 2017 to be fairly similar to 2016.



Monthly Total (Feb. 2017)		
	Private Passenger	Commercial
EASi Applications	263	37
Paper Applications	0	0
Total Applications Received	263	37
Applications Assigned	255	37
Apps Returned for Correction	8	0
Applications Deficient	23	10
Applications with SR-22s	12	0
Total Applications Received in Feb. 2016:		275
Total Applications Received in Feb. 2017:		300
Year to Date Total (as of Feb. 2017)		
	Private Passenger	Commercial
EASi Applications	537	79
Paper Applications	0	0
Total Applications Received	537	79
Applications Assigned	520	77
Apps Returned for Correction	16	2
Applications Deficient	43	12
Applications with SR-22s	24	0
Total Applications Received YTD (as of Feb. 2016):		537
Total Applications Received YTD (as of Feb. 2017):		616
YTD Percent Change from Feb. 2016 to Feb. 2017:		14.71%
Application Assignment History*		
1994: 716,036	2002: 66,153	2010: 8,725
1995: 461,059	2003: 74,506	2011: 7,364
1996: 214,744	2004: 47,434	2012: 5,898
1997: 95,461	2005: 31,517	2013: 4,708
1998: 55,041	2006: 23,634	2014: 3,628
1999: 47,108	2007: 16,780	2015: 3,217
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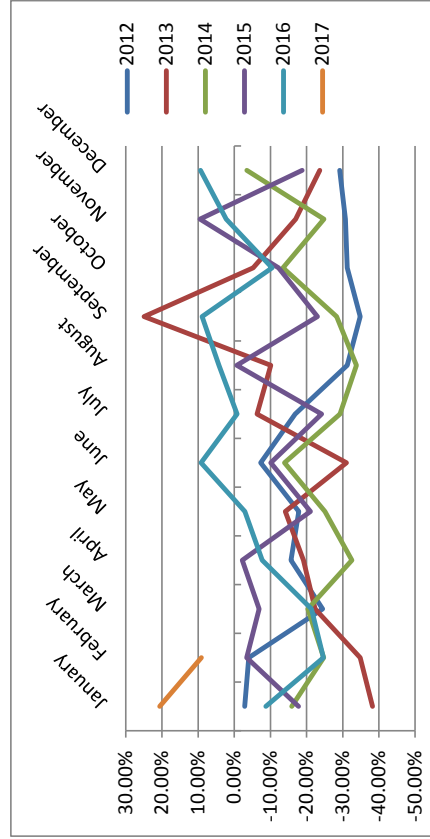
Trend of Applications Received from 2011 to 2017



	2012	2013	2014	2015	2016	2017
January	672	415	349	287	262	316
February	769	501	377	364	275	300
March	658	511	407	379	298	
April	581	470	317	310	286	
May	539	463	347	274	266	
June	532	367	316	284	310	
July	493	462	327	248	246	
August	484	435	288	286	298	
September	393	491	352	271	295	
October	438	415	359	315	282	
November	389	323	243	266	272	
December	377	287	277	225	246	
Total	6,325	5,140	3,959	3,509	3,336	616

Estimate of Applications to be Received in 2017: 3,366

Percent Change in Applications Received



	2012	2013	2014	2015	2016	2017
January	-2.89%	-38.24%	-15.90%	-17.77%	-8.71%	20.61%
February	-4.00%	-34.85%	-24.75%	-3.45%	-24.66%	9.09%
March	-24.46%	-22.34%	-20.35%	-6.88%	-21.37%	
April	-15.68%	-19.11%	-32.55%	-2.21%	-7.74%	
May	-17.84%	-14.10%	-25.05%	-21.04%	-2.92%	
June	-7.32%	-31.02%	-13.90%	-10.13%	9.15%	
July	-16.86%	-6.29%	-29.22%	-24.16%	-0.81%	
August	-31.25%	-10.12%	-33.79%	-0.69%	4.20%	
September	-34.83%	24.94%	-28.31%	-23.01%	8.86%	
October	-31.24%	-5.25%	-13.49%	-12.26%	-10.48%	
November	-30.78%	-16.97%	-24.77%	9.47%	2.26%	
December	-29.14%	-23.67%	-3.48%	-18.77%	9.33%	
Total YTD	-20.08%	-18.72%	-22.98%	-11.37%	-4.96%	14.71%

Texas Auto Ins. Plan Assoc.
ACTUAL VS. BUDGET
 For the period ended December 31, 2016

	Actual	2016 Year To Date Budget	Variance	2016 Annual Budget	% Used	Reason for Variance
REVENUE						
Assessments & Penalties	1,005,659	1,000,000	5,659	1,000,000	100.57%	
Other Revenue	290	0	290	0	0.00%	
TOTAL	1,005,948	1,000,000	5,948	1,000,000	100.59%	
EXPENDITURES						
Salaries	373,317	411,500	38,183	411,500	90.72%	No longer have Association Manager salary expense.
Emp. Benefits & Other Ins. Exp.	260,136	322,800	62,664	322,800	80.59%	Line includes: \$563 adjustment for vacation accrual and -\$50,291 for pension liability. Without adjustments, line was at 95.99% (within range).
Office Equipment Expense	16,867	15,800	-1,067	15,800	106.75%	Had to make repairs to voicemail PC due to hardware failure.
Printing & Stationary Exp.	1,225	1,100	-125	1,100	111.32%	Had to restock more envelopes than budgeted for.
Computer Expenses	7,656	8,600	944	8,600	89.03%	Elected not to purchase new computers, since we are now in the cloud environment.
Postage & Shipping Exp.	19,548	22,400	2,852	22,400	87.27%	Costs for mail courier were less than expected (fuel surcharge decreased); cost of postage also decreased in 2016.
Telephone Expense	12,362	12,900	538	12,900	95.83%	Within range.
Rent Expense	120,173	122,500	2,327	122,500	98.10%	Line includes -\$11,652 adjustment for deferred lease benefit. Without adjustments, line was at 107.61% (over-budget). Line was over-budget because our building's 2016 operating expenses were higher than expected; also had to pay additional operating expense due to 2015 reconciliation (building's property taxes were higher than expected).
Taxes	993	1,400	407	1,400	70.94%	Business personal property tax was less than expected.
Other Office Expenses	6,700	8,100	1,400	8,100	82.71%	Assessment write-offs were not as high as expected; also, reduced costs wherever possible.
Governing Committee	18,042	24,900	6,858	24,900	72.46%	Not all members attended the first two meetings, and some members attended the meetings by teleconference, which decreased expenses.
Subcommittee Meetings	4,630	2,500	-2,130	2,500	185.18%	Did not budget for the Actuary RFP and Manager Transition Subcommittee that were created this year.
Producer Review Panel	0	0	0	0	0.00%	No Producer Review Panel meetings in 2016.
Employee Meetings, Seminars & Staff Travel	8,086	11,200	3,114	11,200	72.20%	Some conferences and classes that we budgeted for were not taken.
Legal Expenses	56,937	34,200	-22,737	34,200	166.48%	Expenses were higher than expected due to the manager transition and the Islas lawsuit.

	Actual	2016 Year To Date Budget	Variance	2016 Annual Budget	% Used	Reason for Variance
Audit Expense	22,375	24,000	1,625	24,000	93.23%	Costs for 990 filing and monthly financial reviews were less than expected.
Dues, Subscriptions & Publications	1,636	1,800	164	1,800	90.89%	Did not renew all subscriptions.
TAIPA Tradition, Visitor Meals & Gifts	2,473	3,200	728	3,200	77.27%	Reduced costs wherever possible.
System Consultants	41,871	39,000	-2,871	39,000	107.56%	Had a few months of overlap when we were switching IT vendors in which we had to pay both vendors.
Consultants - Other	3,390	2,500	-890	2,500	135.62%	Had to hire accounting database consultant for Sage installation when we switched IT vendors.
Actuary	8,500	8,500	0	8,500	100.00%	Within range.
Other	0	0	0	0	0.00%	No other expenses in 2016.
SUBTOTAL	986,916	1,078,900	91,984	1,078,900	91.47%	
Depreciation	11,263	11,000	-263	11,000	102.39%	Within range.
Amortization	4,167	5,000	833	5,000	83.33%	Amortization on the new APS began when the system went live in March (instead of Jan. as initially expected).
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	Did not sell any assets in 2016.
SUBTOTAL	15,430	16,000	570	16,000	96.44%	
TOTAL OPERATING EXPENSE	1,002,346	1,094,900	92,554	1,094,900	91.55%	Without adjustments, total operating expense was at 97.15%.
NET FROM OPERATIONS	3,602	-94,900	98,502	-94,900		
Non-Operating Pension Costs	-78,938	0	78,938	0	0.00%	Line reflects adjustment for change in the pension liability.
NET	82,540	-94,900	177,440	-94,900		
CAPITAL BUDGET						
Software Development in Progress	0	0	0	0	0.00%	No software development expenditures in 2016.
Office Furniture & Equipment	0	0	0	0	0.00%	No furniture & fixture expenditures in 2016.
Computer Equipment	4,135	0	-4,135	0	0.00%	Within range (unbudgeted expenditure is for phone system upgrade).
Computer Software	25,000	0	-25,000	0	0.00%	Accrual for customization of the new APS, which went live on 3/7/16 (cash was carried over from last year).
Leasehold Improvements	0	0	0	0	0.00%	No leasehold improvement expenditures in 2016.
TOTAL	29,135	0	-29,135	0	0.00%	

NOTE: Items that are considered "within range" are within 5% or \$5,000 of the expected year-to-date budget.

Texas Auto Ins. Plan Assoc.

Statement of Financial Position

As Of December 31, 2016

Unaudited

ASSETS

Current Assets

Cash and cash equivalents	\$ 91,426
Accounts receivable	150
Prepaid expenses	25,005
Total current assets	116,580

Property and Equipment

Furniture and equipment	38,921
Computer equipment	23,762
Leasehold improvements	50,007
Computer software	34,858
	147,549
Less accumulated depreciation	110,909
	36,640

Total assets	153,220
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	13,632
Accrued vacation	39,113
Accrued payroll liabilities	8,416
Total current liabilities	61,162

Other Liabilities

Accrued pension benefit costs	314,442
Deferred lease benefit	17,564
Total other liabilities	332,006

Net (Deficiency) Assets

Unrestricted	(239,947)
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Total net assets	(239,947)
------------------	-----------

Total liabilities and net assets	\$ 153,220
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Texas Auto Ins. Plan Assoc.

Statement of Activities

For the period ended December 31, 2016

Unaudited

Changes in unrestricted net assets

	Current YTD
Revenues	
Member assessments	\$ 1,000,400
Interest income	290
Assessment penalties	5,259
Total revenues	1,005,948
 Expenses	
Salaries and related expenses	633,453
Occupancy expenses	133,529
Professional Services	133,074
Depreciation & amortization	15,430
Postage and delivery	19,548
Office supplies and expense	18,091
Governing committee	18,042
Computer supplies & expenses	7,656
Subcommittee meetings	4,630
Staff education & seminars	8,086
Miscellaneous	6,700
Staff expense	2,473
Dues and subscriptions	1,636
Total operating expenses	1,002,346
 Other revenues (expenses)	
<i>Pension minimum liability adjustment</i>	78,938
Total other revenue (expenses)	78,938
<i>Increase (decrease) in unrestricted net assets</i>	82,540
<i>Net assets (deficiency) at beginning of year</i>	(322,487)
<i>Net assets (deficiency) as of December 31, 2016</i>	\$ (239,947)

Texas Auto Ins. Plan Assoc.
ACTUAL VS. BUDGET
 For the period ended January 31, 2017

	2017 Year To Date Actual	2017 Year To Date Budget	Variance	2017 Annual Budget	% Used	Reason for Variance
REVENUE						
Assessments & Penalties	83,000	82,992	8	995,900	8.33%	
Other Revenue	6	0	6	0	0.00%	
TOTAL	83,006	82,992	14	995,900	8.33%	
EXPENDITURES						
Salaries	28,922	35,408	6,486	424,900	6.81%	Budget includes a salary for an Association Manager, which is not currently being paid.
Emp. Benefits & Other Ins. Exp.	15,164	15,767	602	189,200	8.02%	Within range.
Office Equipment Expense	961	1,275	314	15,300	6.28%	Within range.
Printing & Stationary Exp.	0	158	158	1,900	0.00%	Have not ordered any envelopes yet.
Computer Expenses	689	550	-139	6,600	10.44%	Within range.
Postage & Shipping Exp.	3,396	1,858	-1,538	22,300	15.23%	Costs are usually higher at the beginning of the year due to mailouts.
Telephone Expense	1,003	1,025	22	12,300	8.16%	Within range.
Rent Expense	10,855	10,750	-105	129,000	8.41%	Within range.
Taxes	224	108	-116	1,300		Have already paid property tax on copier; property tax on mail machine and other inventory is not due until later in the year.
Other Office Expenses	169	592	423	7,100	2.38%	Have not had many assessment writeoffs to date; events take place later in the year.
Governing Committee	0	1,975	1,975	23,700	0.00%	No Governing Committee meetings held yet.
Subcommittee Meetings	500	275	-225	3,300	15.15%	Have held one of the six scheduled subcommittee meetings, so this actually right on budget.
Producer Review Panel	0	0	0	0	0.00%	No Producer Review Panel meetings scheduled this year.
Employee Meetings, Seminars & Staff Travel	83	775	692	9,300	0.89%	No classes have been taken yet.
Legal Expenses	1,824	4,133	2,309	49,600	3.68%	Within range.
Audit Expense	0	1,925	1,925	23,100	0.00%	Haven't had annual audit or incurred any consulting fees yet.
Dues, Subscriptions & Publications	381	133	-247	1,600	23.80%	Already paid for annual renewals of some subscriptions.

	2017		2017		
	Actual	Year To Date Budget	Variance	Annual Budget	% Used
TAIPA Tradition, Visitor Meals & Gifts	95	225	130	2,700	3.51% Within range.
System Consultants	2,673	3,617	943	43,400	6.16% Within range.
Consultants - Other	8,249	1,658	-6,590	19,900	41.45% at the beginning of this year.
Actuary	0	783	783	9,400	0.00% No actuary work to date.
Other	0	0	0	0	0.00% No other expenses to date.
SUBTOTAL	75,189	82,992	7,803	995,900	7.55%
Depreciation	854	858	4	10,300	8.29% Within range.
Amortization	417	417	0	5,000	8.33% Within range.
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00% Have not sold any assets to date.
SUBTOTAL	1,271	1,275	4	15,300	8.31%
TOTAL OPERATING EXPENSE	76,460	84,267	7,807	1,011,200	7.56%
NET FROM OPERATIONS	6,546	-1,275	7,821	-15,300	
Non-Operating Pension Costs	0	0	0	0	0.00% Pension adjustment will not be made until yearend.
NET	6,546	-1,275	7,821	-15,300	
CAPITAL BUDGET					
Software Development in Progress	0	0	0	0	0.00% No software development expenditures this year.
Office Furniture & Equipment	0	0	0	0	0.00% No furniture & fixture expenditures this year.
Computer Equipment	0	0	0	0	0.00% No computer equipment expenditures this year.
Computer Software	0	0	0	0	0.00% No computer software expenditures this year.
Leasehold Improvements	0	0	0	0	0.00% No leasehold improvement expenditures this year.
TOTAL	0	0	0	0	0.00%

NOTE: Items that are considered "within range" are within 5% or \$5,000 of the expected year-to-date budget.

Texas Auto Ins. Plan Assoc.

Statement of Financial Position

As Of January 31, 2017

Unaudited

ASSETS

Current Assets	
Cash and cash equivalents	\$ 767,345
Accounts receivable	246,931
Prepaid expenses	24,610
Total current assets	1,038,886
Property and Equipment	
Furniture and equipment	38,921
Computer equipment	23,762
Leasehold improvements	50,007
Computer software	34,858
	147,549
Less accumulated depreciation	112,180
	35,369
Total assets	1,074,255

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	15,059
Accrued vacation	39,113
Accrued payroll liabilities	8,478
Deferred revenue	913,000
Total current liabilities	975,650
Other Liabilities	
Accrued pension benefit costs	314,442
Deferred lease benefit	17,564
Total other liabilities	332,006
Net (Deficiency) Assets	
Unrestricted	(233,401)
Total net assets	(233,401)
Total liabilities and net assets	\$ 1,074,255

Texas Auto Ins. Plan Assoc.

Statement of Activities
For the period ended January 31, 2017
Unaudited

	Current YTD
Changes in unrestricted net assets	
Revenues	
Member assessments	\$ 83,000
Interest income	6
Total revenues	<u>83,006</u>
Expenses	
Salaries and related expenses	44,087
Occupancy expenses	12,083
Professional Services	12,746
Depreciation & amortization	1,271
Postage and delivery	3,396
Office supplies and expense	961
Computer supplies & expenses	689
Subcommittee meetings	500
Staff education & seminars	83
Miscellaneous	169
Staff expense	95
Dues and subscriptions	381
Total operating expenses	<u>76,460</u>
Other revenues (expenses)	
Total other revenue (expenses)	<u>-</u>
<i>Increase (decrease) in unrestricted net assets</i>	6,546
<i>Net assets (deficiency) at beginning of year</i>	<u>(239,947)</u>
<i>Net assets (deficiency) as of January 31, 2017</i>	<u><u>\$ (233,401)</u></u>

Actuarial Services Bid Comparison

Firm	Experience/Qualifications	Method to Be Used for TAIPA Filings	Pricing Structure	Upfront Costs	Rate Filing Costs	Costs for Presenting to Gov. Comm.	Costs for Testifying at Rate Hearing
AIPSO	-Provides services ONLY to residual market mechanisms, including auto residual market mechanisms in 47 jurisdictions, and 13 FAIR Plans -98.2% success rate on filings made from Oct. 2015-Sept. 2016 -Made a commercial rate filing for TAIPA in 2005; have provided other services to TAIPA since 1992	Consistent with what was requested in the Actuary RFP	Hourly	\$0	\$6,600 - \$14,520	Between \$352 - \$3,112 (lower end is for presentation via teleconference; higher end is for in-person presentation and includes travel)	Estimated fee is \$6,600, including travel
Epic Consulting, LLC	-TAIPA's current actuary for the past 23 years -Created the ratemaking methodology we currently use for rate filings	Consistent with what was requested in the Actuary RFP	Flat Fee	\$0	\$8,500	Reimbursement for travel expenses only	\$1,800, plus reimbursement for travel expenses
Merlinos & Associates	-Have consulted for insurers, regulators, and self-insureds (roughly one-third of their work is for each of those segments) -Residual market experience with TWIA, several residual market auto plans, and reviewing rate filing submissions on behalf of several state departments of insurance	Consistent with what was requested in the Actuary RFP	Hourly	See "Rate Filing Costs" section	-Initial setup and first filing between \$8,000 - \$12,000 (not to exceed \$15,000) -Renewal annual rate filings between \$6,000 - \$10,000 (not to exceed \$14,000); valid for a 3-yr. contract	Between \$5,000 - \$8,000 (not to exceed \$10,000), including travel	Between \$5,000 - \$8,000 (not to exceed \$10,000), including travel
Milliman, Inc.	-Have made auto rate filings in 46 of the 51 US jurisdictions, including Texas, within the past three years (received approvals in each of those jurisdictions) -Residual market experience with the Texas FAIR Plan, TWIA, and the North Carolina Rate Bureau (including NCIUA and NCIUA)	-Would review TAIPA's existing ratemaking methodology and classification plan prior to the first filing, to provide feedback regarding any potential areas in which the existing ratemaking framework could be improved -Filings would then be made in accordance with the method agreed to by TAIPA	Hourly	\$8,000 - \$9,000	\$20,000 - \$26,000 (not to exceed \$27,000)	Estimated fee is \$5,000, including travel	Between \$5,000 - \$25,000 (depends if the hearing requires extensive prep, lasts more than one week, includes potential appeals, etc.)
Willis Towers Watson	-Experience consulting for insurers across many lines, sizes, and geographies, including TAIPA -Understanding of regulatory approvals, with broad knowledge of filing strategies for successful approvals	Consistent with what was requested in the Actuary RFP	Hourly	\$0	Estimated fee is \$17,500 (not to exceed \$22,000)	Estimated fee is \$5,000 (not to exceed \$7,000), including travel	Estimated fee is \$10,000 (not to exceed \$16,000), including travel

The Actuarial RFP Subcommittee has reviewed all bids. Their recommendation is for TAIPA to continue with Epic for the time being, as there is no compelling reason to change vendors at this time. As the Governing Committee evaluates other aspects of TAIPA in the future, they may decide to revisit the actuarial piece as well. If so, because of the work done during this RFP process, the board has several other options at the ready.



February 27, 2017

Audit Committee
Texas Automobile Insurance Plan Association
1120 South Capital of Texas Highway
CityView Building 3, Ste. 105
Austin, Texas 78746

This letter is to explain our understanding of the arrangements for the services that Atchley & Associates, LLP (the Firm) is to perform for Texas Automobile Insurance Plan Association for the year ending December 31, 2016. We ask that you either confirm or amend this understanding.

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of Texas Automobile Insurance Plan Association (TAIPA), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, the related notes to the financial statements, and the supplemental comparison of revenues and expenses versus budget. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though

the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to TAIPA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of TAIPA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the audit committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our services under this Engagement Letter do not include services for tax return preparation, tax advice, or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence, and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions the information provided during these discussions should not be used as the basis for proceeding with any transaction or any tax return reporting.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. To provide us with:
 - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - (2) Additional information that we may request from management for the purpose of the audit; and
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that TAIPA complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditors' report on the supplementary information in any document that contains the supplementary information and that indicates that the auditors have reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and auditors' report thereon.

The audit committee is responsible for informing us of its views about the risks of fraud within TAIPA, and its knowledge of any fraud or suspected fraud affecting TAIPA.

Because the Firm will rely on TAIPA and its management and audit committee to discharge the foregoing responsibilities, TAIPA holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of TAIPA's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

TAIPA's Records and Assistance

If circumstances arise relating to the condition of TAIPA's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in TAIPA's books and records. TAIPA will determine that all such data, if necessary, will be so reflected. Accordingly, TAIPA will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Organization personnel is described in the attached client participation list, which outlines the specific schedules and analyses that should be completed by TAIPA personnel. The participation list has been discussed with and agreed to by Nicole Morgan, Accounting Coordinator. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, computing the provision for income taxes, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Organization personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We will notify you immediately of any circumstances we encounter which could significantly affect our initial estimate of audit fees, excluding direct out-of-pocket expenses, estimated to be \$17,950. All other provisions of this letter will survive any fee adjustment. In accordance with our firm policies, work may be suspended if your account becomes sixty or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, TAIPA agrees it will compensate the Firm for any additional costs incurred as a result of TAIPA's employment of a partner or professional employee of the Firm.

In the event we are requested or authorized by TAIPA or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for TAIPA, TAIPA will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

In a legal action in which the Firm or its partners are not the defendants, we shall also be entitled to fees at \$400.00 per hour and reimbursements for testimony if we are subpoenaed as a witness in a subsequent litigation by third parties and such testimony involves the work we performed pursuant to this agreement. If we are ordered by a state or federal judge to permit the subsequent inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement, then you agree that we may comply with these orders without prior notice to you.

Claim Resolution

TAIPA and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this arrangement letter if no report has been issued. TAIPA waives any claim for punitive damages. The Firm's liability for all claims, damages and costs of TAIPA arising from this engagement is limited to the amount of fees paid by TAIPA to the Firm for the services rendered under this arrangement letter.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Thereafter, any unresolved controversy or claim arising from or relating to this contract or the obligations of the parties hereunder shall be settled by arbitration administered using the American Arbitration Association or another mutually agreeable arbitration service using the AAA Arbitration Rules for Professional Accounting and Related Services Disputes and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Reporting

We will issue a written report upon completion of our audit of TAIPA's financial statements. Our report will be addressed to the governing committee of TAIPA. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

This letter constitutes the complete and exclusive statement of agreement between the Firm and TAIPA, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Atchley & Associates, LLP

Confirmed on behalf of TAIPA:

Audit Committee or Board Chair

Date

Nicole Morgan, Special Projects/Accounting
Coordinator

Date

TAIPA PP Over/Under Report

01/03/2017

COMPANY YearEnd 2012 YearEnd 2013 YearEnd 2014 YearEnd 2015 1st QTR 2016 2nd QTR 2016 3rd QTR 2016

PRIVATE PASSENGER	YearEnd 2012		YearEnd 2013		YearEnd 2014		YearEnd 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016		Rcvr/CO Restricted	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		177,367		248,568		273,200		279,672		270,624		256,647		257,134		
ACE AMERICA	248,681		247,616		246,672		245,800		245,603		245,339		245,095			
AFFIRMATIVE INS CO									New to quota							2,179
ALFA SPECIALTY INS CORP	16			689		629	428			463		230				269
ALLSTATE INS CO		109,444		89,144		85,156		93,356		84,516						107,530
AMER MERCURY INS CO		1,232	602			616		3,313		4,002						3,785
FALCON INS CO									4							4
FREESTONE INS CO				1		171		443		436						443
GENERAL CAS CO OF WISCONSIN						72		73		74						75 LAD
GOVERNMENT EMPLOYEES INS CO		56,090		85,877		75,542		93,728		76,552						101,690
HALLMARK COUNTY MUT INS CO	445,440		443,961		443,485		443,407		443,399		443,352		443,261			
HOMEOWNERS OF AMER INS CO		3,644		4,456		4,637		4,639		4,639						4,639
ICM INS CO				0		13		13		13						13

TAIPA PP Over/Under Report

01/03/2017

COMPANY YearEnd 2012 YearEnd 2013 YearEnd 2014 YearEnd 2015 1st QTR 2016 2nd QTR 2016 3rd QTR 2016

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
INTEGON NATIONAL INS CO							245,025		272,927			298,587
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	254,916		328,062		330,062			330,049			330,047	330,045
SENTRY INS A MUT CO												New to quota
STARR INDEMNITY & LIABILITY CO		678		939		955				955		67
STATE FARM MUT AUTO INS CO		168,680		196,216	203,426	190,293				213,251		184,160
SUSSEX INS CO (prior Companion Pro & Cas Ins Co)		133		240	318	324				324		324
TEXAS FARM BUREAU CAS INS CO		64,219		68,410	59,922	55,332				62,448		72,853
UNIVERSAL NORTH AMERICA					89	89				89		89
WINDHAVEN NATIONAL INS. CO						24						128
TOTALS	953,457	953,457	1,023,678	1,023,678	1,023,612	1,020,653	1,022,419	1,022,419	1,020,125	1,020,125	1,018,401	1,018,401

PREMIUMS WRITTEN	3,079,634	2,690,098	2,156,742	1,864,575	490,805 1st qtr	491,128 2nd qtr	496,710 3rd qtr
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TAIPA OTPP Over/Under Report

01/03/2017

COMPANY	Year End 2012		Year End 2013		Year End 2014		Year End 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
OTHER THAN PRIVATE PASSENGER														
ACCIDENT INS CO									New to quota	18		38		53
ALASKA NATL		68		76		80				107		115		119
AMER BANKERS INS CO OF FLORIDA									New to quota	93		193		266
AMER CONTRACTORS INS RISK RET. GRP		10,584		13,111		16,743		16,743		16,743		16,743		16,743
AMER MERCURY INS CO	5,499		12,371		15,785		3,488		33	508				2,535
AMER ROAD INS CO				70		135		197		209		227		238
AMERICAN BUILDERS INS CO (prev Association Ins Co)		20		91		183		259		274		295		309
BRITISH AMERICAN INS CO		15,193		15,565		15,934		16,246		4,910		5,029		6,308
GENERAL STAR NATIONAL INS CO		59		59		59		59		59		59		59
GLOBAL LIBERTY INS CO OF NY										154		285		380
GOVERNMENT EMPLOYEES INS CO	17,837		21,366		24,021		25,707		24,565	23,334		22,433		
GRAMERCY INS CO				9,371		9,371		9,371		9,371		9,371		9,371
HISCOX INS CO INC						2		232		386		565		692
HOUSING ENTERPRISE INS CO INC		4		13		23		33		35		36		37
INTEGON NATIONAL INS CO								1,648,897		1,592,011		1,656,740		1,625,474
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	388,603		415,745		414,922		414,900		414,901	414,900		414,900		414,900
MIDCONTINENT CAS CO		763,416		758,805		754,383		750,300		749,741		748,906		748,377
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	29,242		28,801		28,223		27,828		27,764	27,672		27,612		
NATIONAL BUILDERS INS CO		22		91		160		202		211		222		230

CO / Restricted

RCVR / CO Restricted

TAIPA OTPP Over/Under Report

01/03/2017

COMPANY	Year End 2012	Year End 2013	Year End 2014	Year End 2015	1st QTR 2016	2nd QTR 2016	3rd QTR 2016
OTHER THAN PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER
NORTH AMER SPECIALTY INS CO	12	24	32	40	49	58	64
OKLAHOMA SURETY CO	684,808	684,575	684,364	684,175	683,878	683,545	683,306
PREFERRED PROFESSIONAL INS CO	694	920	1,119	1,309	1,362	1,431	1,477
QUALITAS INS CO				New to quota	71	147	202
RIVERPORT INS CO	15	44	79	83	83	83	83
RURAL TRUST INS CO					New to quota	53	73
SENECA INS CO	91	3	93	242	266	301	323
SENTRY INS A MUT CO							New to quota
STATE FARM MUT AUTO INS CO	176,180	194,206	185,682	154,516	150,128	142,935	147,119
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)	37,445	40,575	45,183	43,806	45,741	49,325	50,018
TEXAS HOSPITAL INS EXGH	10,651	10,895	11,191	11,521	11,601	11,706	11,777
TNUS INS CO			16	37	39	44	47
TRANS PACIFIC INS CO							New to quota
TRISTATE INS CO OF MN					New to quota	3	3
ULLICO CAS CO		686	1,291	1,291	1,291	1,291	1,291
TOTALS	1,946,328	1,975,071	1,974,489	1,906,398	1,952,418	1,898,865	1,896,628
PREMIUMS CREDITED	1,702,128	1,987,161	1,993,432	1,923,849	505,429 1st qtr	576,311 2nd qtr	410,958 3rd qtr

RCVR /
CO